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MEMORANDUM FOR: DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: President's Proposed Plan to Institute a Food Program for the Satellites Similar to the Current Program for East Germany.

REFERENCE: Memorandum, dated 11 July 1953, from C. D. Jackson to Members of the Board of PSB.

1. At the meeting on 13 July of the coordinating committee for the implementation of PSB D-45 (NSC 158), the subject was discussed, and while there was a fairly even difference of opinion amongst the members, the following recommendations and opinions of the committee will be passed by the chairman, Mr. O'Connor, to Mr. Jackson for discussion at the PSB luncheon meeting on 15 July:

a. If the offer is made, it should not include items about to be harvested in these countries, but rather should be limited to those items which are known to be in short supply, e.g., fats, oils, sugars, potatoes.

b. Rather than risk a possible backfire, due to the fact that it will follow so closely the rejection of the East German offer, the offer should not be made formally but rather as a statement at the President's press conference. This statement should point out that the original offer to the East Germans was made in conformity with the great humanitarian principles of the U.S., and the food is still available not only for the East Germans, but also for the Poles, Czechs, Hungarians, and other hungry and oppressed people.

c. While such an offer to the satellites at this time has definite positive value, it is complicated by the fact that it follows so closely on the East German offer and its rejection, as well as proximity to the harvest in these countries. It was suggested that due to some of the above considerations it might be more advantageous to postpone the offer until sometime late this fall or early next year when the harvest will probably have been consumed, the shortages listed above will be more critical and the impact to be achieved would probably be greater.

2. While Albania had not been included for consideration in Mr. Jackson's note, it was recommended that it be added to this target list due to the fact that it has no contiguous borders with the USSR or the satellites and, consequently, presents itself physically as a prime target for exploitation of this kind.

3. Attached as Appendix A is a brief of a report prepared by ORR on the "Extent and Effects of 1952 Crop Failures in Eastern Europe".

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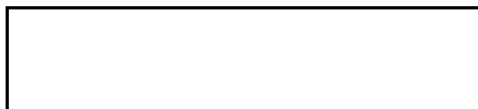
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4. Attached as Appendix B is a crash estimate of the food situation in the satellite countries prepared by RQM/OIS.



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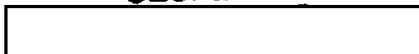
Acting Chief, Eastern European Division

Attachments:

Appendix A

Appendix B

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APPENDIX A

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It is pointed out that as a result of a prolonged drought in 1952 total grain production in Eastern Europe was only 83 percent of normal. Sugar, potatoes, and vegetable oil production for 1952 were estimated at 65%, 84%, and 75% of previous year respectively. Meat and animal fats, however, showed an increase. The 1952-1953 food situation is one of the worst that the Communist regimes have had to face since the immediate post-war years. Over-all per capita consumption decreased from 4% in Poland to 24% in Rumania. Furthermore a larger proportion of bread grains and less meats and fats are being consumed than in previous crop year. Although it is believed food shortages will show first among industrial workers, peasants living in normally deficit areas will probably be reduced to a near starvation level, as the satellites governments may be expected to make a greater effort to feed the industrial workers than the peasants. (Note: Jazwinski, 2nd Polish Pilot defector on 14 July stated that food is difficult to obtain and even to get the small amounts which can be purchased it is necessary to queue up for long periods.)

As a result of food shortages countries which normally have surpluses, such as Hungary, will be obliged to cut down their exports which, in turn will make it difficult to finance their industrialization programs. Even in East Germany and Czechoslovakia which are the least dependent of the satellite countries on agricultural commodities for their foreign exchange, there will be only 180,000 tons of sugar available for export from each country as compared with a normal export surplus of 300 thousand to 400 thousand tons.

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APPENDIX A

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The low per capita caloric intake may seriously affect labor productivity. Unavailability of high energy foods and high costs will increase the discontent of the workers and production plans will probably fall off as the workers' diet deteriorates.

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APPENDIX B

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CRASH ESTIMATE OF THE FOOD SITUATION IN THE SATELLITES

14 July 1953

Hungary and Rumania. Serious food shortages existed in both countries up to approximately the beginning of this month. The Governments of both countries, however, are now releasing food to the consumers. Moreover, the harvest of winter-sown grains is now in process. The shortages, therefore, are being significantly reduced and will be probably completely eliminated within one or two weeks.

Bulgaria. This country was not at all hard hit this year and is in a relatively good shape. It is suggested that it be not at all considered in connection with the PSB food program.

Poland. No serious food shortages exist in Poland this year. There have been chronic meat and dairy shortages, but they are not more serious this year than they have been in the past. There is a possibility that the vegetable yield may be lost this year, but even if such is the case, the effect on the population would probably not be critical.

Czechoslovakia. This country has been receiving food assistance from the USSR each year. In the past this aid amounted to approximately 600,000 tons of wheat annually, but the Czechs claim to have received 1,000,000 tons of wheat this year. Such an increase might have partly offset any serious food shortages in Czechoslovakia.

Albania. There has been a serious food shortage in Albania, but a number of ships were seen bringing wheat from the USSR this spring.

General. OCI suggested the following two factors in the consideration of a PSB food program:

- (1) Although Albania, Hungary, and Rumania, in that order, have undergone serious food shortages this year, measures taken by the USSR in the past three weeks have partly offset the effect of these shortages.
- (2) A food program instituted by the West at this time might cause the consumers in the Satellites to wonder why the offer is made now and not last spring when the food was really in short supply. The psychological effect of the program, therefore, might be reduced.

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